



GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

BRIAN C. STEED
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

October 3, 2019

Kirt Tatton, General Manager
Canyon Fuel Company, LLC
P.O. Box 1029
Wellington, Utah 84542

Subject: Conditional Approval Update Reclamation Bond (Midterm Response), Canyon Fuel Company, LLC, Soldier Mine, C/007/0018, Task ID #5992

Dear Mr. Tatton:

The Division has reviewed the revisions to the Soldier Canyon Mine's reclamation bond. The revisions to the Mining and Reclamation Plan (MRP) and bond cost estimates have been conditionally approved. Final approval will be granted when the following conditions have been met:

- 1) Provide two clean copies prepared for incorporation. A stamped incorporated copy will be returned to you for inclusion into your copy of the Mining and Reclamation Plan (MRP).
- 2) The current bond amount held by the Division is \$1,593,000 with Ironshore Indemnity Inc. #1093365. A rider to increase the bond by \$817,000.00 for a total of \$2,410,000.00 is required. Ensure that the State of Utah, Division of Oil, Gas and Mining as well as the US Department of the Interior, Office of Surface Mining are listed as Obligees on the rider to increase your bond. Please submit the attached Exhibit 'D' Stipulation to Revise Reclamation Agreement and required affidavits along with the surety rider to the Division.

Please submit the two clean hard-copies and posted bond increase by November 8, 2019. If you have any questions, please call me at (801) 538-5350 or Suzanne Steab, Bond Coordinator at (801) 538-5265.

Sincerely,

Steve Christensen
Coal Program Manager

SKC/ss

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Technical Analysis and Findings

Utah Coal Regulatory Program

PID: C0070018
TaskID: 5992
Mine Name: SOLDIER CANYON MINE
Title: UPDATE RECLAMATION BOND (MIDTERM RESPONSE)

Reclamation Plan

Bonding Determination of Amount

Analysis:

The application meets the State of Utah R645 requirements for Determination of Bond Amount.

The midterm permit review previously found this section deficient because indirect costs had not been updated and an escalation factor not applied. The bonding calculations in the most recent submittal have corrected all of the previous deficiencies and have been escalated to 2024 dollars. The submitted calculations were derived from the 2019 R.S. Means cost manual, and overhead & profit costs have been applied. A basic rundown of the updated costs are as follows:

Demolition and Removal: \$1,044,837.00

Backfilling and Grading: \$460,800

Revegetation: \$188,338

Indirect Costs: \$453,985

5-Year Escalation: \$261,623

Total escalated reclamation liability: \$2,410,000 (rounded to nearest \$1,000)

The new reclamation liability is the product of a much more comprehensive and robust analysis and reflects an increase of \$817,000 from the previous midterm review in 2014.

jeatchel

EXHIBIT “D”

Stipulation to Revise Reclamation Agreement (Federal)

Mine Name: Soldier Canyon
Permit Number: C/007/0018
Effective Date: _____
Bond Number: _____

COAL
STIPULATION TO REVISE RECLAMATION AGREEMENT
--ooOOoo--

This **STIPULATION TO REVISE RECLAMATION AGREEMENT** entered into by and between the **PERMITTEE** and **DIVISION** incorporates the following revisions or changes to the **RECLAMATION AGREEMENT**: (Identify and Describe Revisions below)

The bond requires an increase of \$817,000 from \$1,593,000 to \$2,410,000 due to the 2019 midterm review.

In accordance with this **STIPULATION TO REVISE RECLAMATION AGREEMENT**, the following Exhibits have been replaced by the **PERMITTEE** and are approved by the **DIVISION**.

- ☐ Replace the Reclamation Agreement in its entirety.
- ☐ Replace Exhibit "A"- bonded area.
- ☒ Rider to existing Exhibit "B"- bonding agreement
- ☐ Replace Exhibit "C"- liability insurance

The bonding amount is revised from \$ 1,593,000 to \$ 2,410,000

The bonding type is changed from _____ to _____.

The surface disturbance is revised from _____ acre to _____ acres.

The expiration date is revised from _____ to _____.

The liability insurance carrier is changed from _____ to _____.

The amount of insurance coverage for bodily injury and property damage is changed from
\$ _____ to \$ _____.

IN WITNESS WHEREOF, _____ the **PERMITTEE** has hereunto set
its signature and seal this _____ day of _____, 20__.

PERMITTEE

By: _____

Title: _____

ACCEPTED BY THE STATE OF UTAH this ____ day of _____, 20__.

Director,
Division of Oil, Gas and Mining

NOTE: An **Affidavit of Qualification** must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power or Attorney of a company, such Power of Attorney must be filed with this Agreement. If the **PERMITTEE** is a corporation, the Agreement shall be executed by its duly authorized officer.